

DEFERRED COMPENSATION ADVISORY COMMITTEE

MINUTES

Thursday August 26, 2010

For information about this meeting, contact the Deferred Compensation Plan Office at (408) 975-1465 or email DeferredCompensation@sanjoseca.gov

Chair Robert Sapien called the Deferred Compensation Advisory Committee meeting to order at 9:05 a.m. on Thursday, August 26, 2010, City Hall, W-120.

Roll Call

Franco Vado, Vice Chair	Police Representative (501-0960)
Peter Jensen	City Manager's Representative (975-7290)
Donna Busse	Management Employees' Representative (794-1020)
Carol Garcia	Employees' Representative (808-2131)
Julia Cooper	City Manager's Representative (535-7011)
Pascal Roubineau	Employee's Representative (277-2660)
Robert Sapien, Chair	Firefighter Representative (277-8810)

Also Present

Linda Bjorke	Office of the City Attorney
Jeanne Groen	Human Resources, Committee Secretary's Designee
Tina Smith	Human Resources, Deferred Compensation Staff
Kelly Wright	Human Resources, Deferred Compensation Staff
John Mayer	Buck Consultants
Jon Slinger	Buck Consultants
Gary Bozin	ING
Elizabeth Sanford	Councilmember Pete Constant's Office
Adora Gailo	Finance Department
Bruce De Mers	Police and Fire Retirees
Michael McAtamney	TIAA-CREF

APPROVAL OF MINUTES

1. **M.S.C** (Jensen/Garcia) to approve the minutes for the regular Deferred Compensation Advisory Committee meeting on July 22, 2010. (Julia Cooper and Pascal Roubineau were absent for this vote.)

DISCUSSION/ACTION ITEMS

2. Discuss staff verbal update on the First Amendment to the Stabilizer Contract with ING Life Insurance and Annuity Company for the Stable Value fund option, and a corresponding amendment to the Agreement with ING Life Insurance and Annuity Company and ING Financial Advisors to incorporate the Stabilizer Contract and the Group Annuity Contract, and provide direction to staff

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Jeanne Groen discussed the status of the First Amendment to the Stabilizer Contract with ING Life Insurance and Annuity Company for the Stable Value fund option. ING has filed the Stabilizer Contract [with the State of California Insurance Department], and staff have finalized the Second Amendment to the vendor services Agreement incorporating the Stabilizer Contract and Group Annuities Contract and submitted it to ING for signature.

(Julia Cooper and Pascal Roubineau arrived at 9:13 a.m.)

3. Authorize the Secretary or Secretary Designee to negotiate and execute an amendment to the Agreement with ING Life Insurance and Annuity Company and ING Financial Advisors to implement ING's EASE platform for administration efficiencies, increase revenue sharing by ING, and to exercise the option to extend the Agreement through September 30, 2012, and provide direction to staff

Jeanne Groen explained the recommendation to negotiate and execute an amendment to the Agreement with ING Life Insurance and Annuity Company and ING Financial Advisors to implement ING's EASE platform, increase revenue sharing by ING, and exercise the option to renew the Agreement. Staff is working with ING to implement the EASE platform in December.

M.S.C. (Jensen/Busse) to authorize the Secretary to negotiate and execute an amendment to the Agreement with ING Life Insurance and Annuity Company, which includes the following points:

- ING will upgrade the San José Deferred Compensation Plan recordkeeping and payroll systems to interface with ING's newer Omni platform (called EASE) and Payroll Feedback File by the end of 2010;
 - Starting July 1, 2010, ING increased its annual rate of administrative reimbursement to the Plan by \$200,000;
 - ING will guarantee, through the option period ending September 30, 2012, that its additional annual administrative reimbursement to the Plan will remain at \$200,000 until the Omni platform and Payroll Feedback File is operational and meets the requirements necessary to feed the City of San José's PeopleSoft system. Once the Omni platform and the Payroll Feedback File is operational and meets the requirements necessary to feed the City's PeopleSoft system, ING will reduce the additional annual administrative reimbursement rate from \$200,000 to \$100,000, but in no event will any reduction occur before June 30, 2011; and
 - There will be no cost impact to Deferred Compensation Plan participants as a result of the increase in ING's annual administrative reimbursement.
4. Accept report, review and discuss quarterly market overview, Plan Portfolio Analysis, Watch List and approve consultant's recommendations and direct staff to implement Jon Slinger, Buck Consultants

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200 East Santa Clara Street San José, CA 95113 tel (408) 975-1465 fax (408) 999-0889 www.sanjoseca.gov



John Slinger presented an update on the quarterly market overview, Plan Portfolio Analysis, and Watch List. John Slinger provided the following recommendations:

- Retain Oppenheimer Main Street on Watch List;
- Add Pioneer Mid Cap Value to Watch List;
- Convert American Funds Growth Fund of America from the A share class to the R4 share class.
- Convert the share class of PIMCO Total Return from the Administrative share class to the Institutional share class while retaining the 0.06% add-on administrative fee for ING.

M.S.C. (Jensen/Busse) to approve Buck Consultant's recommendations.

5. Discuss and approve a recommendation to the City Council to retroactively amend Chapter 3.48 of the San Jose Municipal Code to allow rollovers from the City's pension plans into the City's 457 Deferred Compensation Plan, direct City Attorney's Office to develop and submit for City Council approval an Ordinance amending Chapter 3.48, and direct staff to implement such changes upon City Council approval

Jeanne Groen explained an amendment to Chapter 3.48 of the San Jose Municipal Code, the plan document for the 457 Plan, is necessary in order for 457 Plan account-holders who have been recently laid off or otherwise terminated to rollover their pension plan contributions from the City's retirement plans into their 457 Plan account. She explained that a retroactive amendment to Chapter 3.48 would also correct the rollovers that have been allowed from City pensions into the 457 Plan since 2009 in error. Staff asked the Committee to recommend that City Council amend Chapter 3.48 to allow such rollovers.

M.S.C. (Busse/Jensen) to approve a recommendation to the City Council to retroactively amend Chapter 3.48 of the San Jose Municipal Code to allow rollovers from the City's pension plans into the City's 457 Deferred Compensation Plan, direct City Attorney's Office to develop and submit for City Council approval an Ordinance amending Chapter 3.48, and direct staff to implement such changes, upon City Council approval.

6. Discuss 2010 National Save for Retirement Week and provide direction to staff

Jeanne Groen reviewed the Staff memo and informed the Committee that National Save for Retirement Week is a congressionally endorsed, national event to promote the benefits for saving for retirement. In addition, Jeanne informed the Committee that educational seminars and outreach events will be held in various City locations during this year's National Save for Retirement Week, which will be held October 17 through October 23, 2010.

INFORMATIONAL ITEMS

7. Verbal Update of Quarterly Reports from ING Investment Management (IIM)
Gary Bozin, ING, provided the report.
8. Report on Legislative, Market and Consultant Activity
John Mayer, Buck Consulting, provided the report.

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9. Verbal Update on ING Service Provider

Gary Bozin, ING, provided the report.

10. Review ING Service Log and Loan Activity Report for June, 2010

Gary Bozin, ING, provided a summary of the reports.

11. Update on July, 2010 Fund Performance Summary

Gary Bozin, ING, provided a summary of the reports.

NEXT MEETINGS

12. Next Committee Meeting: Thursday, October 28, 2010, City Hall, W-120, 9:00 a.m.

OPEN FORUM


13. There was no public comment.

UNFORESEEABLE EMERGENCY WITHDRAWAL APPEALS


14. None.

ADJOURNMENT

15. M.S.C. (Sapien/Roubineau) to adjourn at 10:31 a.m.


Robert Sapien, Chair
Deferred Compensation Committee

ATTEST:


Jeanne Groen, Benefits Manager
DCAC Secretary's Designee

NOTE: M.S.C. MEANS MOTION SECONDED AND CARRIED, UNLESS OTHERWISE INDICATED, MOTION PASSED UNANIMOUSLY.

